

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Handloom Industry-- Providing of Government guarantee for Rs.100.00 crores for a further period of 3 years with effect from 01.04.2012 to 31.03.2015 in favour of Andhra Pradesh State Cooperative Bank Limited (APCOB) towards operating the Cash Credit limits by the Andhra Pradesh State Handloom Weavers' Cooperative Society Limited (APCO) - Orders - Issued.

INDUSTRIES AND COMMERCE (TEX) DEPARTMENT

G.O.Ms.No. 144

Dated:19-10-2012.
Read the following:

- 1.G.O.Ms.No.213, Ind. & Com. (Tex) Dept., dt:17.09.2009.
- 2.From the VC&MD.,APCO, Hyd Lr.No.APCO/CO/Accts.Sec/C.C.L./ Govt guarantee/11 dt.21.11.2011.
3. From the Commissioner of Handlooms and Textiles and Apparel Export Parks, Andhra Pradesh, Hyderabad, Lr.RC.No.12510/11-C dt.19-02.2012.
4. From the Director of Handlooms and Textiles and Apparel Export Parks, Andhra Pradesh, Hyderabad, Lr.Rc.No.12510/11-C dt:13.04.2012, 07.05.2012 and 12.09.2012.

ORDER:

In the reference 1st read above, orders were issued extending the Government Guarantee for Rs.50.00 Crores, for a further period of (3) years with effect from 01.04.2009 to 31.03.2012 in favour of APCOB towards operating the Cash Credit Limits by APCO and APCO shall pay 1½ Guarantee Commission in one lumpsum to the Government.

2. In the reference 2nd read above, the Vice-Chairman and Managing Director, Andhra Pradesh State Handloom Weavers Co-operative Society Limited (APCO), Hyderabad has addressed the Director of Handlooms & Textiles stating that in view of the increased business volumes the present cash credit limit of Rs.50.00 Crores is not sufficient to meet the turnover as the APCO has supplied school uniforms to Rajeev Vidya Mission during the year 2011-12 to the extent value of Rs.52.66 Crores. APCO has to get uniform supply order from Rajeev Vidya Mission for the year 2012-13 to the total requirement of Rs.105.32 Crores. Further, it is felt that the available Cash Credit limit of Rs.50.00 Crores, is not possible to make timely payments to primaries and also to meet outstanding dues to National Handloom Development Corporation to ensure continuous yarn supplies and as such it is necessary to get the Credit facility up to Rs.100.00 Crores for which Government Guarantee is needed.

3. The Vice-Chairman and Managing Director, Andhra Pradesh State Handloom Weavers Co-operative Society Limited (APCO), Hyderabad has, therefore, requested to provide Government Guarantee to the extent of Rs.100.00 Crores (for Cloth Rs.80.00 Crores and for Yarn Rs.20.00 Crores) for another period of (3) three years w.e.f. 01.04.2012 to 31.03.2015 in favour of the Andhra Pradesh State Co-operative Bank Ltd., (APCOB) Hyderabad towards operating cash credit limits by APCO for smooth functioning and also to make timely payments to Primary Weavers Cooperative Societies, National Handloom Development Corporation and Processors etc. He has also stated that the required Guarantee commission at the rate of ½% will be paid to Government in the prescribed manner.

4. In the references 3rd and 4th read above, the Director, Handlooms & Textiles and Apparel Export Parks, Andhra Pradesh, Hyderabad has stated that the Andhra Pradesh State Co-operative Bank Ltd., (APCOB), Hyderabad has informed that the Bank has no objection to consider the cash credit limits to the extent of increased business levels eligible, provided the APCO furnishes Government Guarantee / collateral security to the extent of limits required, since it is working on negative net worth and Net Disposal Resources (NDR). In view of the expanded business of APCO, the Director of Handlooms & Textiles felt that there is need for sanction of Rs.100.0 Crores (for cloth Rs.80.00 Crores and for yarn Rs.20.00 Crores) for another period of (3) years with effect from 01-04-2012 to 31-03-2015 in favour of Andhra Pradesh State Co-operative Bank Ltd., (APCOB), Hyderabad to APCO for smooth functioning, since the APCOB can not release the cash credit, even if it is sanctioned, unless the Government provides extended Guarantee.

(PTO)

5. The Director, Handlooms & Textiles and Apparel Export Parks, Andhra Pradesh, Hyderabad has therefore requested the Government to consider and to provide the Govt. guarantee for Rs.100.00 crores (for cloth Rs.80.00 Crores and for yarn Rs.20.00 Crores) for another period of (3) years with effect from 01-04-2012 to 31-03-2015 in favour of Andhra Pradesh State Co-operative Bank Ltd., (APCOB), Hyderabad towards operating cash credit limits by APCO, so as to enable the APCO to clear the yarn and society payments etc., which could help the weavers to continue their regular production.

6. The Government, after careful examination of the proposal, have decided and accordingly hereby provide the Government Guarantee for Rs.100.00 Crores (Rupees Hundred Crores only) (i.e., Rs.80.00 Crores for cloth and Rs.20.00 Crores for yarn) for another period of **3** years with effect from **01-04-2012 to 31.03.2015** in favour of Andhra Pradesh State Cooperative Bank Limited (APCOB), Hyderabad, towards operating the Cash Credit limits by the Andhra Pradesh State Handlooms Weavers' Cooperative Society Limited (APCO), so as to enable the APCO to clear the yarn and society payments etc., and APCO shall pay 2% Guarantee Commission to the Government, subject to condition, that the Guarantee is only on principal amount.

7. The Guarantee Commission shall be credited to the relevant Head of Account for the Guarantee given by State Government.

8. The Director of Handlooms & Textiles and Apparel Export Parks, Andhra Pradesh, Hyderabad / Vice-Chairman and Managing Director, Andhra Pradesh State Handloom Weavers Co-operative Society Limited (APCO), Hyderabad shall enter into guarantee deed as was done in the past, with Andhra Pradesh State Co-operative Bank Limited (APCOB), for a further period of three (3) years with effect from 01.04.2012 to 31.03.2015 and report compliance to save delay.

9. This order issues with the concurrence of Finance (DCM.II) Department, vide their U.O.No.4789/310/DCM.II/12, dated.18-10-2012.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

D.SREENIVASULU
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Director of Handlooms & Textiles and Apparel Export Parks,
Andhra Pradesh, Hyderabad.
The Vice-Chairman & Managing Director,
Andhra Pradesh Handloom Weavers Co-operative Society Ltd., (APCO),
Hyderabad.
The Managing Director,
Andhra Pradesh State Co-operative Bank Limited (APCOB), Hyderabad.
The Chief General Manager,
National Bank for Agricultural and Rural Development (NABARD),
Hyderabad - 500 020.
The Accountant General, Andhra Pradesh, Hyderabad.

Copy to:

The P.S to Secretary to Chief Minister
The P.S. to Hon'ble Minister for Finance.
The P.,S. to Hon'ble Minister for Handlooms and Textiles.
The P.S. to Chief Secretary to Government.
The Finance (Exp.I&C) Department.
The General Administration (Cabinet) Department
The P.S. to Principal Secretary to Government,
Industries and Commerce Department.

Sf/Sc.

// FORWARDED BY: ORDER//

SECTION OFFICER.